

Division of Healthcare Finance

Projected Reserve Calculation - Current Plans A, B and New Plan C Design with \$2,500/\$5,000 deductible, 100% coinsurance and current HSA contribution no increase for 2 years

Medical, Pharmacy, Dental and Vision

Date of Projection: 3/29/2012

Plan Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Factors and Assumptions	Actual Factors	Actual Factors	Projected Factors and Assumptions.....										
Interest Rate on Reserves	0.9%	0.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	3.2%	-4.9%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	2.8%	1.9%	5.0%	5.0%	6.0%	7.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Policy Choices	HCC Policy Choices in May 2009	HCC Policy Choices in May 2010	HCC Policy Choices in May 2011	HCC Policy Choices by May 2012	Future Policy Choices.....								
Employer Contr. % incr. (eff. July 1)	12.5%	15.0%	7.5%	0.0%	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Employee Contr. % incr. (eff. Jan 1)	7.5%	8.0%	44.0%	0.0%	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Dependent Contr. % incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	0.0%	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Direct Bill Contr. % incr. (eff Jan 1)	12.4%	14.7%	8.2%	0.0%	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Reserves													
Beginning reserve earning interest	11,880,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	200,714,845	201,886,127	199,581,272	193,065,897	181,501,442	163,932,623	139,273,497
Beginning reserve not earning interest	78,295,832	74,866,652	102,929,048	143,157,657	179,002,354	188,654,636	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,325,236	191,322,028	201,128,306	200,714,845	201,886,127	199,581,272	193,065,897	181,501,442	163,932,623	139,273,497
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	382,280,122	412,824,328	445,809,017	481,429,184	519,895,405	561,435,080	606,293,777	654,736,687
Total Participant Contributions	127,392,488	129,927,400	131,238,853	134,158,116	135,942,585	146,307,712	157,786,074	170,350,413	183,938,555	198,634,737	214,530,159	231,723,571	250,321,890
Total Contributions	421,292,659	454,670,777	486,010,485	501,752,819	503,537,288	528,587,834	570,610,402	616,159,430	665,367,739	718,530,142	775,965,239	838,017,348	905,058,577
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	426,608,381	446,794,377	467,055,622	493,885,006	529,157,216	571,948,055	620,987,861	674,377,880	732,507,921	795,802,827	864,725,632	939,780,993
Interest on Reserves	111,916	25,373	150,217	152,095	153,996	155,921	2,508,936	2,523,577	2,494,766	2,413,324	2,268,768	2,049,158	1,740,919
Net Cash flow	(3,317,264)	28,087,769	40,378,826	35,996,791	9,806,278	(413,461)	1,171,282	(2,304,855)	(6,515,375)	(11,564,455)	(17,568,819)	(24,659,126)	(32,981,497)
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,325,236	191,322,027	201,128,306	200,714,845	201,886,127	199,581,272	193,065,897	181,501,442	163,932,623	139,273,497	106,292,000
Target Reserve	48,651,000	51,193,006	50,274,000	52,570,000	55,613,000	59,617,000	64,477,000	70,050,000	76,118,000	82,725,000	89,921,000	97,758,000	106,292,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,051,236	138,752,027	145,515,306	141,097,845	137,409,127	129,531,272	116,947,897	98,776,442	74,011,623	41,515,497	(0)
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	41.0%	40.7%	37.9%	35.3%	32.1%	28.6%	24.8%	20.6%	16.1%	11.3%

Total Contributions for 2011 include \$2,870,534 from the ERRP, 2012 includes \$1,012,500 and 2013 includes \$1,147,500 from SB572

Total Contributions for 2011 includes \$187,606 for settlement of pharmaceutical class action lawsuit